



## UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

089446

CIVIL DIVISION  
JUN 12 1969  
LM089446

CIVIL DIVISION

Dear Mr. Worth:

A GCOOOG

The General Accounting Office has made a review of the Department of Labor's administrative controls over reimbursements authorized by Public Law 89-516, approved July 21, 1966 (3 U.S.C. 5724a), for certain costs incurred by employees in connection with permanent changes of official stations. The review was made pursuant to authority contained in the Budget and Accounting Act, 1921 (31 U.S.C. 53) and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

On the basis of our review, we have concluded that a need still exists for improving administrative controls over reimbursements for expenses incurred by employees under Public Law 89-516.

Public Law 89-516, July 21, 1966, implemented by Bureau of the Budget (BOB) Circular No. A-56, October 12, 1966, as revised, authorizes reimbursement for certain moving expenses incurred by employees in connection with permanent changes of official stations. In general, these expenses include per diem in lieu of subsistence for an employee and his immediate family while enroute from his old official station to a new one; subsistence for an employee and his immediate family while in temporary quarters (generally limited to 30 days); per diem and transportation for an employee and spouse for one round trip between his old and new station to seek permanent residence at the new official station; expense of the sale of the residence (or settlement of an unexpired lease) at the old station and purchase of a home at the new station; and certain other expenses.

On April 24, 1968, we transmitted to you the results of our review of claims paid under Public Law 89-516 for the fiscal year 1967. Our current review was directed primarily to the propriety of employees' claims paid under Public Law 89-516 during the fiscal year 1968 in connection with (1) the sale and purchase of real estate, (2) the settlement of unexpired leases, and (3) miscellaneous expenses associated with discontinuing residences at old stations and establishing residences at new stations such as charges for disconnecting and connecting appliances and cutting and fitting rugs. We did not undertake to examine other types of moving expenses, such as subsistence and travel expenses, paid under Public Law 89-516 during the fiscal year 1968. However, a few items in this category which appeared to be questionable were noted incident to our review and are included in this report.

G146903

089446

The individual items questioned during our review were transmitted to Mr. Tom Kouses, Deputy Assistant Secretary for Administration, for appropriate action. The results of our review, including summaries of the items questioned, are presented below.

<u>Category of expense</u>	<u>Items Examined</u>	<u>Items Questioned</u>
	<u>Number</u>	<u>Amount</u>
Sale and purchase of real estate	126	\$147,020
Settlement of unexpired leases	14	1,375
Miscellaneous expense allowance	204	36,620
Totals	<u>344</u>	<u>\$185,015</u>
Other types of moving expenses		
Totals		

Sale and purchase of real estate

Section 4 of BOB Circular A-56 makes provision for reimbursing an employee for expenses required to be paid by him in connection with the sale of one residence at his old official station and the purchase of one dwelling at his new official station, subject to certain limitations and exclusions.

The following payments relative to the sale and purchase of real estate were questioned by us in that they appeared to be contrary to the cited provisions of BOB Circular A-56 or the information submitted with the vouchers was insufficient to determine the eligibility of the items reimbursed.

<u>Applicable provision of BOB Circular A-56</u>	<u>Items Questioned</u>	
	<u>Number</u>	<u>Amount</u>
Settlement dates must be not later than one year after date employee reported for duty at new official station except that an extension of time may be authorized when settlement is delayed because of litigation (subsection 4.1d)	4	\$ 2,830
Mortgage discounts ("points") not reimbursable (subsection 4.2d)	5	2,603
Expenses shared by employee and another person should be limited to portion paid by employee (subsection 4.1e)	1	1,638

Applicable provision of B.C. Circular A-36 (cont'd.)

Item Questioned  
Number Amount

Each item must be supported by documentation showing that the expense was in fact incurred (subsection 4.3a) 11 \$ 1,422

Certain financing costs, such as attorney's fees and certain insurance costs, not reimbursable (subsection 4.2c and d)

10 1,385

All reimbursable expenses must be paid by the employee (subsection 4.1)

2 1,100

Expenses applicable to sale of only one residence at old official station are allowable (subsection 4.1)

1 578

Same types of legal costs not reimbursable at both old and new official stations (subsection 4.2c)

4 126

Expenses incurred prior to effective date of P.L. 89-316 (July 21, 1966) not reimbursable (par. 3)

1 100

Newspaper advertising not reimbursable if such services have been paid for in form of brokerage fee or commission (subsection 4.2b)

2 34

Totals

41 \$1,916

Other types of moving expense

Although our review was directed primarily to expenses relative to the sale and purchase of real estate, settlement of unexpired leases, and miscellaneous expense allowances, we did note some questionable items in other categories of expenses. These items are listed below.

Applicable provision of B.C. Circular A-36

Item Questioned  
Number Amount

Actual subsistence expenses must be documented (subsection 2.3d)

2 \$ 1,039

Allotments for subsistence expenses for occupying temporary quarters not payable after employee moves into permanent quarters (subsection 2.3b)

2 759

Transportation expenses must be documented (subsection 6.4d)

1 311



\* 4 \*

<u>Applicable provision of BOB Circular A-36 (cont'd.)</u>	<u>Item</u>	<u>Questioned</u>	<u>Number</u>	<u>Amount</u>
Leave rentals paid during period employee received allowance for subsistence expenses for occupying temporary quarters not reimbursable (subsection 2.9d)	2			180
<b>Totals</b>	<b>1</b>			<b>\$2,289</b>

Conclusions and recommendations:

In our previous report, dated April 24, 1968, we concluded that there was a need for a more adequate understanding of the law and regulations by responsible administrative, supervisory, and voucher audit personnel. The results of our current review indicate that this need still exists.

We recommend that claims for reimbursement be more thoroughly scrutinized for compliance with BOB Circular A-36 prior to submission for payment and that more emphasis be placed on securing adequate documentation.

The Department has recently issued a handbook of voucher audit procedures for the guidance of national office personnel and a number of replies have been made to us on recoveries being effected as a result of the items we questioned. Also, in accordance with a recommendation in our previous report, a systematic training program in voucher auditing was begun in April 1969.

\* \* \* \*

We appreciate the cooperation received during our review and request that you advise us of any additional procedures implemented to reduce overpayments of moving expenses.

Sincerely yours,

Henry Eschwege

Henry Eschwege  
Associate Director

The Honorable Leo R. Harts  
Assistant Secretary for Administration  
Department of Labor